

Current Class: CONFIDENTIAL
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RELEASED IN PART
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INFO	LOG-00	NP-00	AID-00	ACQ-00	CEA-01	CIAE-00	COME-00
	CTME-00	DINT-00	DODE-00	DOEE-00	DOTE-00	PERC-00	SRPP-00
	DS-00	EB-00	EXIM-01	E-00	FAAE-00	VC-00	FRB-00
	H-01	TEDE-00	INR-00	ITC-01	LAB-01	L-00	VCE-00
	AC-01	NSAE-00	NSCE-00	OES-01	OMB-01	OPIC-01	PA-00
	PC-01	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
	SSO-00	STR-00	TRSE-00	USIE-00	R-00	EPAE-00	PMB-00
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O 042104Z APR 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 5324
INFO OPEC COLLECTIVE IMMEDIATE
AMEMBASSY BOGOTA
AMEMBASSY QUITO
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
USCINCSO MIAMI FL

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000884

NSC FOR AMB MAISTO
USCINCSO FOR POLAD

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E.O. 12958: DECL: 12/12/20
TAGS: ECON, PGOV, PREL, EPET, ETRD, VE
SUBJECT: PDVSA WORKERS BEGIN SHUTDOWNS

REF: A. CARACAS 00809
B. CARACAS 00687
C. CARACAS 00636
D. CARACAS 00586
E. CARACAS 00500

CLASSIFIED BY AMBASSADOR CHARLES S. SHAPIRO. REASON 1.5 (B)
AND (D).

SUMMARY

Current Class: CONFIDENTIAL

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: JOHN L MILLS
DATE/CASE ID: 30 AUG 2004 200400110

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1. (SBU) THE TENSE STANDOFF BETWEEN PRESIDENT CHAVEZ'S PDVSA APPOINTEES AND THE PDVSA NATIONAL WORKERS ASSEMBLY HAS RESULTED IN THE SHUTDOWN OF SEVERAL KEY PDVSA OPERATIONS. AFTER A MEETING LAST NIGHT TO DISCUSS THE FORCED RETIREMENT OF TWO SENIOR EXECUTIVES (REFTEL A), THE PDVSA NATIONAL WORKERS ASSEMBLY ANNOUNCED THAT "HOUR ZERO" HAD ARRIVED AND THAT WORK STOPPAGES SHORT OF A TOTAL SHUTDOWN WOULD BEGIN. TODAY, WORKERS ORGANIZED MARCHES NEAR THE PDVSA OFFICES AND SHUTDOWN SEVERAL KEY PDVSA OPERATIONS. END SUMMARY.

HOUR ZERO

2. (SBU) PDVSA OPPOSITION LEADERS HORACIO MEDINA (DIRECTOR
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OF PDVSA INTERNATIONAL AFFAIRS) AND JUAN FERNANDEZ (PDVSA FINANCE DIRECTOR) CALLED A MEETING OF PDVSA NATIONAL WORKERS ASSEMBLY LAST NIGHT TO DISCUSS THE FORCED RETIREMENT OF TWO DISSIDENT SENIOR EXECUTIVES. TODAY, FERNANDEZ ANNOUNCED PUBLICLY THAT "HOUR ZERO" HAD ARRIVED. BY THIS, PDVSA CONTACTS HAVE EXPLAINED THAT THE WORKERS WILL START WORK STOPPAGES AND ARE PREPARED TO STRIKE, BUT STILL LEAVE A SMALL WINDOW OF OPPORTUNITY FOR THE GOV TO MEET THEIR DEMANDS.

3. (SBU) TO AVOID A MAJOR SHUTDOWN, THE PDVSA WORKERS ANNOUNCED THREE IMMEDIATE DEMANDS:

(1) THE RETURN OF THE "MERITOCRACY," WHICH INCLUDES THE REMOVAL OF CHAVEZ'S APPOINTEES TO THE PDVSA BOARD OF DIRECTORS.

(2) THE FORMATION OF A "TRANSITIONAL BOARD OF DIRECTORS."

(3) THE REINSTATEMENT OF OSCAR MURILLO (PDVSA LEGAL COUNSEL) AND ARMANDO IZQUIRDO (PUBLIC AFFAIRS MANAGER), THE TWO EXECUTIVES FORCED TO RETIRE.

4. (SBU) AS REQUESTED BY LUIS SALAS (HEAD OF THE NATIONAL ASSEMBLY'S NEGOTIATION COMMITTEE), FERNANDEZ ANNOUNCED THAT THE PDVSA WORKERS ASSEMBLY WOULD POSTPONE ANY MAJOR ACTIONS UNTIL APRIL 9. THIS IS TO GIVE SALAS TIME TO MEET WITH GASTON PARRA AND PRESIDENT CHAVEZ TO DISCUSS THE DEMANDS OF THE WORKERS.

5. (SBU) FOLLOWING THE ANNOUNCEMENT OF "HOUR ZERO," CTV PRESIDENT CARLOS ORTEGA, FEDEPETROL SECRETARY GENERAL FELIX JIMENEZ, AND FEDECAMARAS PRESIDENT PEDRO CARMONA ANNOUNCED
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FULL SUPPORT OF THE PDVSA WORKERS.

DEMONSTRATIONS AND SHUTDOWNS

6. (SBU) TODAY, THE PDVSA WORKERS TOOK TO THE STREETS AND BEGAN THE SHUTDOWN OF SEVERAL OPERATIONS AROUND VENEZUELA. IN CARACAS, PDVSA WORKERS DEMONSTRATED IN GREAT NUMBERS. LOCAL TELEVISION CARRIED LIVE COVERAGE OF EXTENDED DEMONSTRATIONS AROUND PDVSA EXPLORATION AND PRODUCTION BUILDING IN THE CHUAO AREA OF CARACAS, INCLUDING SPEECHES BY MANY PDVSA OPPOSITION LEADERS. THIS COVERAGE AND RAMPANT RUMORS HAVE CAUSED LONG LINES TO FORM AT CARACAS GAS STATIONS AND HAVE CAUSED MANY TO SHUT DOWN COMPLETELY.

7. (SBU) BEGINNING TODAY, OPERATIONS AT SEVERAL PDVSA FACILITIES AROUND VENEZUELA WERE SHUT DOWN.

-- PUERTO LA CRUZ: ALL ACTIVITIES RELATED TO FUELS HAVE STOPPED (NOT INCLUDED IN THE SHUTDOWN, AND STILL OPERATING ARE OIL CONVERSION AND PROCESSING FOR EXPORT OPERATIONS).

-- JOSE COMPLEX (NEAR PUERTO LA CRUZ): PDVSA OPERATIONS RELATED TO LPG (LIQUEFIED PETROLEUM GAS) AND LNG (LIQUEFIED NATURAL GAS) HAVE BEEN SLOWED DOWN ("OPERACION MORROCOY" - NAMED AFTER THE MORROCOY TURTLE). THE FOUR UPGRADER OPERATIONS (WHICH ARE ASSOCIATIONS WITH PRIVATE ENTERPRISES,

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INFO	LOG-00	NP-00	AID-00	ACQ-00	CEA-01	CIAE-00	COME-00
	CTME-00	DINT-00	DODE-00	DOEE-00	DOTE-00	SRPP-00	DS-00
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	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00	SSO-00
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	G-00	NFAT-00	SAS-00	/012W			

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O 042104Z APR 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 5325
INFO OPEC COLLECTIVE IMMEDIATE
AMEMBASSY BOGOTA

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AMEMBASSY QUITO
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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 000884

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HAMACA, PETROZUATA, SINCOR, AND AMERIVEN) ARE STILL
OPERATING NORMALLY.

-- EL PALITO (NEAR PUERTO CABELLO): FUEL RELATED OPERATIONS
HAVE BEEN STOPPED. THIS REFINERY PROVIDES FUELS TO MOST OF
MUCH OF THE VENEZUELAN MARKET, INCLUDING FALCON, LARA,
PORTUGUESA, YARACUY, BARINAS AND MIRANDA.

-- YAGUA (NEAR PUERTO CABELLO): THIS IS THE LARGEST FUEL
DISTRIBUTION PLANT IN VENEZUELA. IT IS CLOSED AS IT IS FED
BY THE EL PALITO REFINERY.

-- PDVSA CARACAS (DELTAVEN, PDVSA GAS, CIED): ALL
OPERATIONS ARE CLOSED. ALL ADMINISTRATIVE ACTIVITIES IN
PDVSA OFFICES ARE CLOSED.

-- ZULIA AND FALCON: NO CHANGES WERE ANNOUNCED, AND
TELEVISION REPORTED NORMAL OPERATIONS. WORKERS ARE TO MEET
TO DECIDE WHETHER TO CLOSE.

8. (SBU) THESE STOPPAGES ARE DIRECTED MOSTLY AT OPERATIONS
AFFECTING THE DOMESTIC VENEZUELAN MARKETS FOR FUELS AND GAS,
WHICH WILL NEGATIVELY AFFECT GASOLINE SUPPLIES AND NATURAL
GAS FOR DOMESTIC POWER GENERATION AND DOMESTIC USE.

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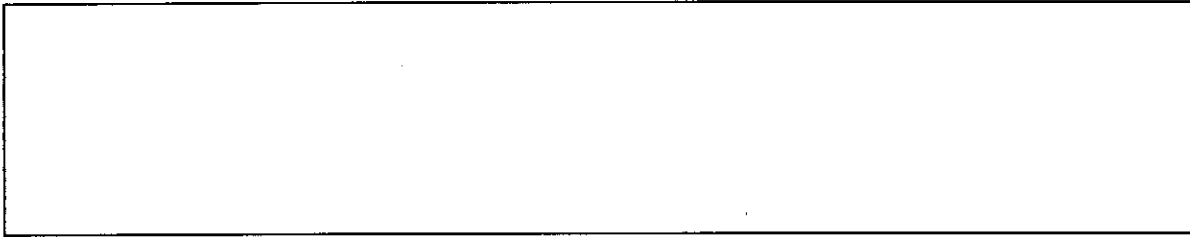
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